



State of Wisconsin
LOCAL - INCOME CONTINUATION
INSURANCE PROGRAM
FACT SHEET 2005

PROGRAM REVIEW

- Created by Wis. Stats. § 40.62.
- The Department of Employee Trust Funds and the Wisconsin Group Insurance Board (GIB) have statutory authority for program administration and oversight [Wis. Stats. § 40.03 (6)].
- The program is self-insured, financed by employer and employee premium contributions.
- Local government employers perform enrollment and premium collection.
- Most of the premium income is allocated to pay benefits, establish reserves, and provide rehabilitative services.
- The GIB contracts with a private administrator to issue eligibility determinations and process claims. Broadspire is currently under contract through December 31, 2006.

ELIGIBILITY AND ENROLLMENT

Who is eligible for ICI insurance?

- Local government employers who adopt a resolution to enroll in the program (must offer coverage to 65% of all eligible employees).
- Employer participation may be terminated if employee participation falls below the minimum participation percentage; or, after a minimum of 12 months under the plan, the employer may submit a resolution by October of that year to withdraw from the plan.
- Elected officials are eligible immediately.
- Coverage may continue during authorized leave of absence and layoffs.
- There is an open enrollment opportunity upon hire or by evidence of insurability.
- Standard ICI coverage is for annual earnings of \$64,000 or less. See reverse for information on optional supplemental coverage.

BENEFITS

- 75% of gross basic salary for short-term (first year, current position) and long-term (after one year, any occupation) disabilities.
- Disability means the inability to perform the duties of the claimant's position (short-term) or the complete inability to engage in any substantial gainful activity for which the claimant is reasonably qualified (long-term).
- There is a maximum monthly benefit of \$4,000 for standard ICI coverage.
- Benefits are payable for the length of disability, or until age 65. There is an exception for disabilities beginning at age 62 or later.
- Benefits are paid after the selected elimination period.
- Benefits may pay the cost of rehabilitative training.
- There is a \$75 supplement added to the normal monthly benefit amount, beginning with the second year of disability.
- Benefits will not duplicate benefits available from other programs (e.g., WRS, Social Security, Worker's Compensation, etc.).

PREMIUM

- Based on previous calendar year salary and selected elimination period.
- Employers may pay all or part of the total premium for employees.

OPTIONAL SUPPLEMENTAL COVERAGE

- New optional coverage effective April 2005 is available to employees with annual earnings exceeding \$64,000; allows coverage of salary up to a maximum of \$120,000.
- Employees pay entire premium for optional supplemental coverage; premiums are in addition to required premium payments for standard coverage.
- Maximum monthly benefit payable up to \$7,500 for standard and supplemental coverage.

LOCAL – INCOME CONTINUATION INSURANCE

FINANCIAL STATISTICS AS OF DECEMBER 31, 2004

Total Assets:	\$16.2 million
Estimated Total Liabilities:	\$ 2.7 million
(Reported Claims + Incurred But Not Reported Claims)	
Recommended Reserve:	15-25% of estimated liabilities

CLAIMS STATISTICS

Paid in 2004 by Year Incurred

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Number of Claims	42	17	10	5
Average Monthly Benefit	\$2,094	\$1,871	\$1,029	\$192

Total Paid in Year Ended December 31

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Number of Claims	84	75	80	47
Average Monthly Benefit	\$1,609	\$1,577	\$1,414	\$1,594

REVENUES BY TYPE (AMOUNTS IN 1000s)

	<u>Premiums</u>				
<u>Year</u>	<u>Employee</u>	<u>Employer</u>	<u>Investment Income</u>	<u>Total</u>	<u>Covered Employees</u>
2004	\$488	\$814	\$1,853	\$3,155	\$6,096
2003	\$444	\$792	\$2,679	\$3,915	\$6,044
2002	\$382	\$731	(\$1,086)	\$ 27	\$5,303
2001	\$335	\$794	(\$ 306)	\$ 823	\$5,215

EXPENSES BY TYPE (AMOUNTS IN 1000s)

	<u>Benefits Paid</u>		
<u>Year</u>	<u>Short and Long-term</u>	<u>Other Expenses</u>	<u>Total</u>
2004	\$383	\$ 1	\$384
2003	\$473	\$ 4	\$477
2002	\$469	\$ 24	\$493
2001	\$392	\$112	\$504

* Total 2004 claims \$383,000 (includes taxes). Other expenses (passthroughs, implementation costs, collection fees, advance, etc.) \$1,265.